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Does Global vs. Local Scope Matter? Contingencies of Cause-Related Marketing in a Developed Market

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Cause-related Marketing in the International Business Context

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The phenomenon of giving...



ONE FOR ONE™

“GIVING IS
what fuels us.
GIVING IS
our future.”

-Blake Mycoskie



Cause-related Marketing

A corporate social initiative in which firms donate a specified amount to a **chosen cause** in response to every purchase consumers made (Varadarajan & Menon, 1988).



The U.S. Market & Consumers

- Cause-related marketing: **a term coined in the U.S.**
- **78%** of U.S. consumers want global companies to do more than making a profit by addressing social & environmental issues (NP Source, 2018)
- **91%** of U.S. consumers said they were likely to switch to a brand that supports a good cause, given similar price and quality
- **92%** of U.S. consumers said they would buy a product with a social or environmental benefit given the opportunity

(Brandwatch, 2016)

Global companies



U.S. Market



Cause-related marketing, an important strategy to improve:

- brand positioning
- competitive advantages

(Tashman, Marano, & Kostova, 2019).

Multinational Corporations (MNCs)

MNC Origin

Emerging market MNCs

- China-based MNC
- South Africa-based MNC

Developed market MNCs

- Netherlands-based MNC
- UK-based MNC

A Developed Market



Cause-related Marketing

MNC Origin

Proximity (Scope) of Cause:

- Local cause
- Global cause

Emerging market MNCs

- China-based MNC
- South Africa-based MNC

Proximity (Scope) of Cause:

- Local cause
- Global cause

Developed market MNCs

- Netherlands-based MNC
- UK-based MNC

Host Market Consumers



Cultural orientation

- Individualism
- Collectivism

General Research Question

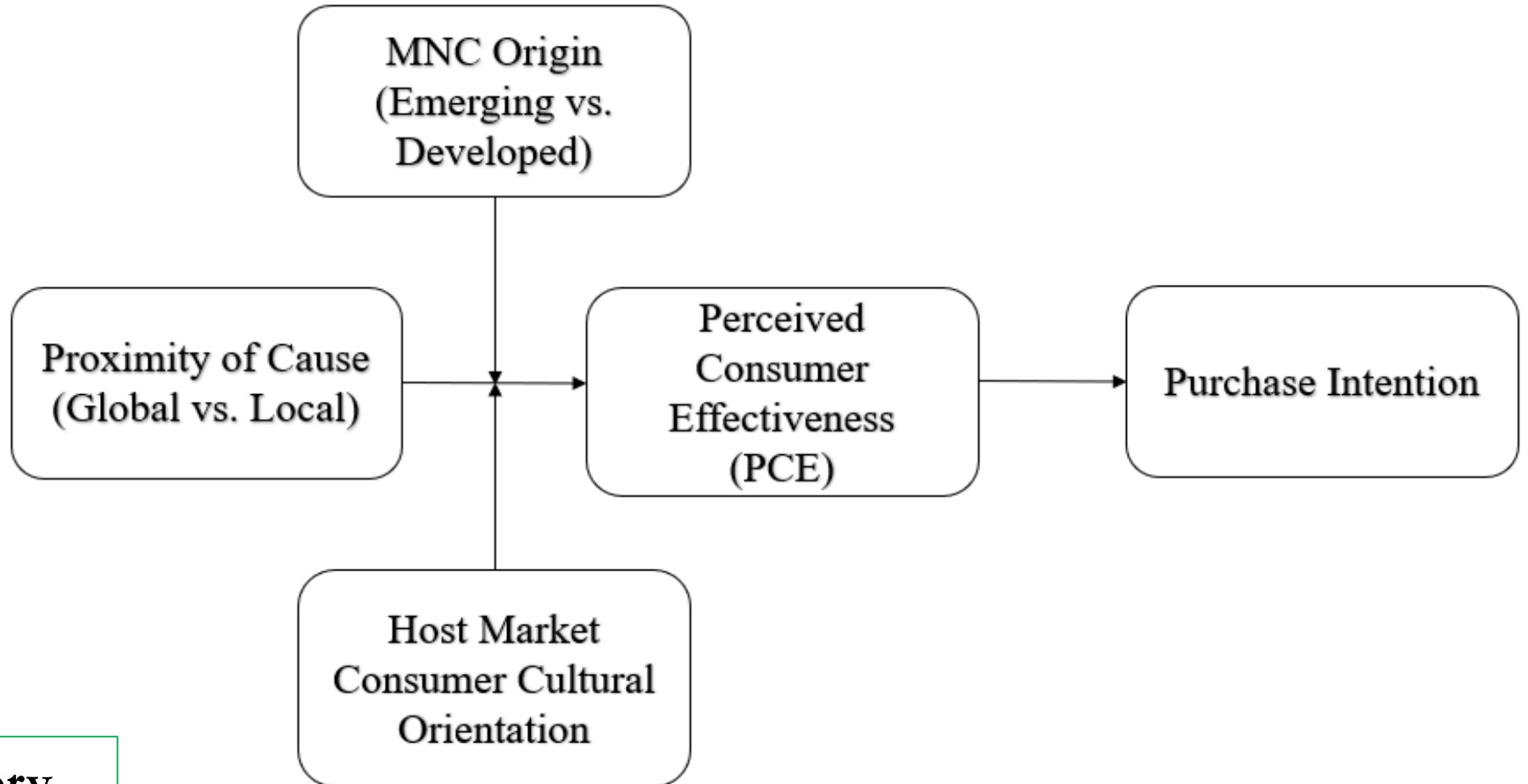
How will **consumers in a developed market** (e.g., the U.S.) evaluate and perceive a cause-related marketing campaign initiated by an **Emerging Market MNC** (e.g., China-based MNC) vs. a **Developed Market MNC** (e.g., Netherlands-based MNC)?

Will the U.S. consumers' perceptions depend on:

- whether the cause supported by the MNC is a **Global or Local cause?**
- whether the U.S. consumer is more **individualistic or collectivistic?**

Conceptual Framework

U.S. Consumers

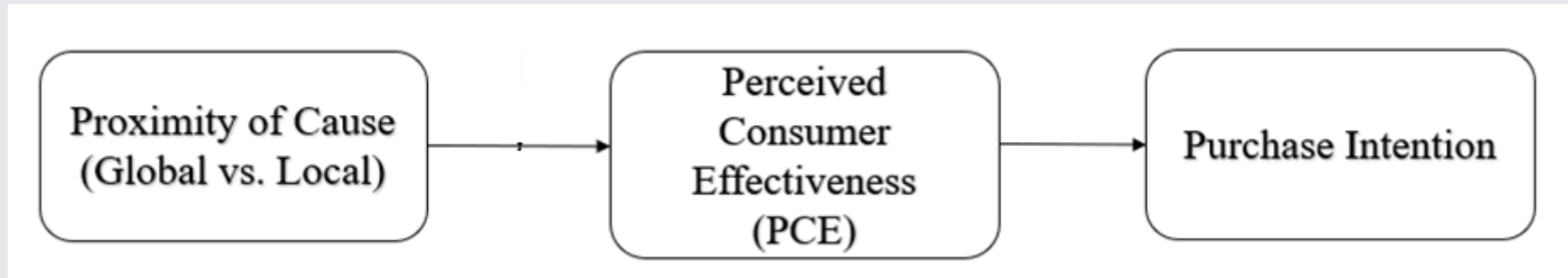


Social Impact Theory



Hypotheses

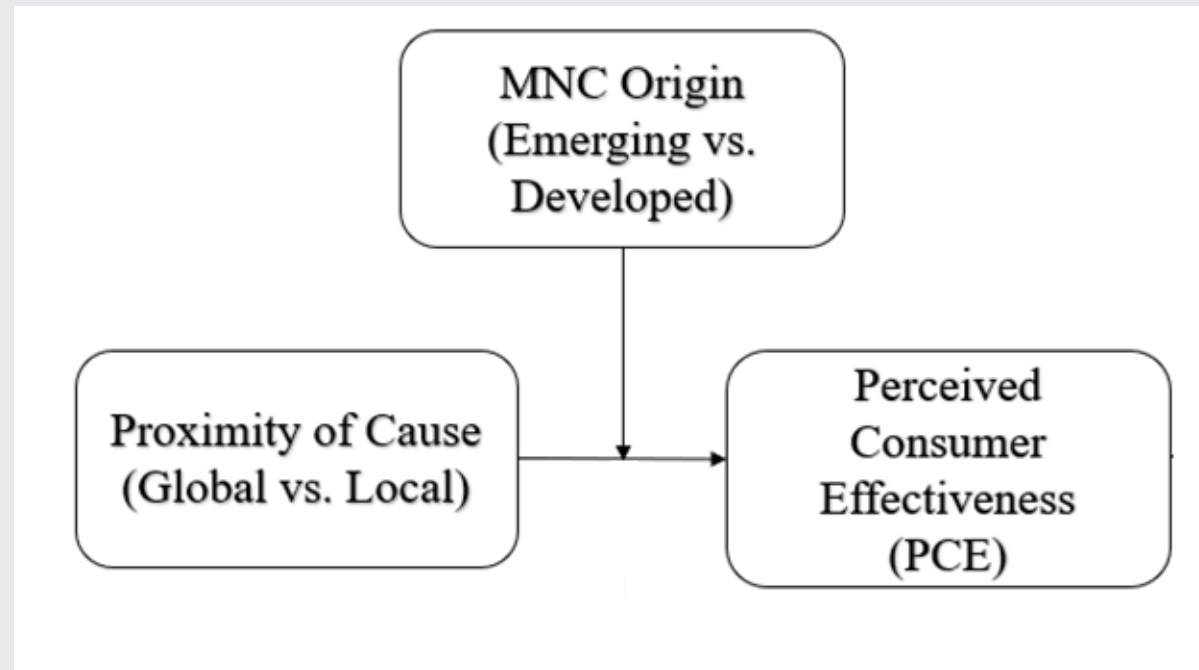
- **H1.** The positive relationship between proximity of cause and purchase intention is mediated by increasing PCE.



(**PCE** = Perceived Consumer Effectiveness)

Hypotheses

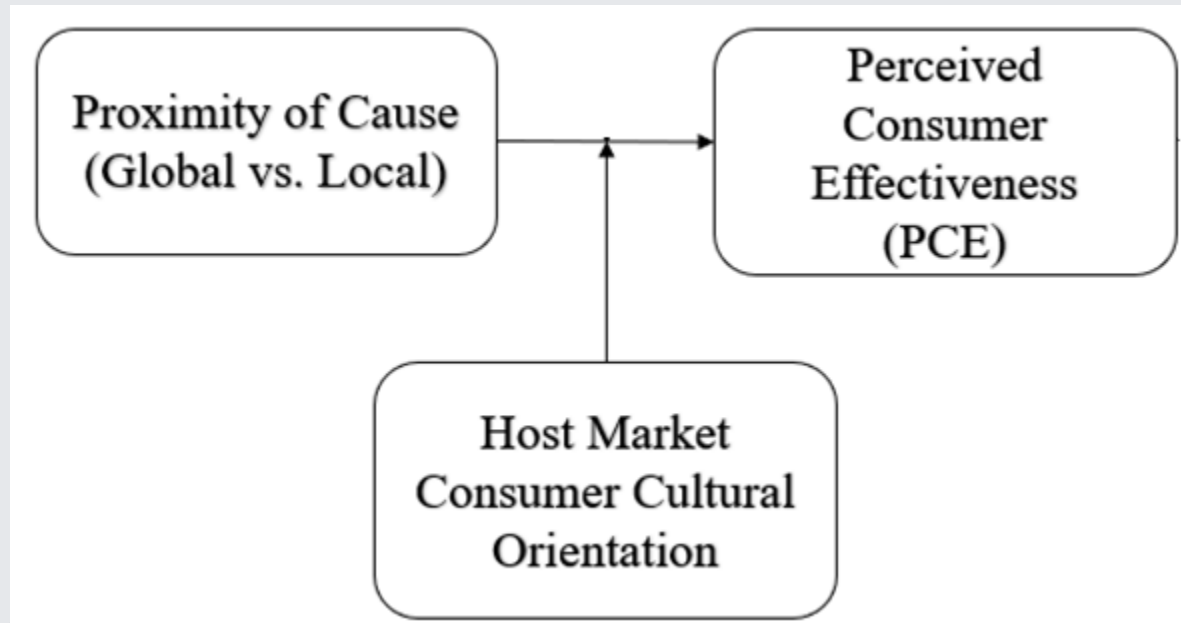
- **H2.** The MNC's origin (emerging vs. developed markets) moderates the relationship between proximity of cause and PCE, such that a **local cause** elicits higher PCE for **emerging MNCs** than does a global cause.



(**PCE** = Perceived Consumer Effectiveness)

Hypotheses

- **H3.** Cultural orientation moderates the relationship between proximity of cause and PCE, such that a **local cause** elicits higher PCE for **collectivistic consumers** than does a global cause.



(PCE = Perceived Consumer Effectiveness)

Methodology

- **Behavioral Experimental Design:**

2 (MNC Origin: Emerging/China vs. Developed/Netherlands) X 2 (Scope: Global vs. Local Cause)

- **Study 1:** 300 U.S. Consumers (online consumer panels)

		Cause Scope	
		Global	Local
MNC Origin	Emerging (China)	(1) China, Global	(2) China, Local
	Developed (Netherlands)	(3) Netherlands, Global	(4) Netherlands, Local

**Condition 2:
China-based MNC & local cause**



HELPING
KIDS
HEAL

Between August and December 2018, Yuantin Clothing Corp. will donate 2% of its sales to the "Kids Health Foundation," a U.S. non-profit organization. This donation will go toward building children's hospitals in your local community.



**Condition 3:
Netherlands-based MNC & global cause**

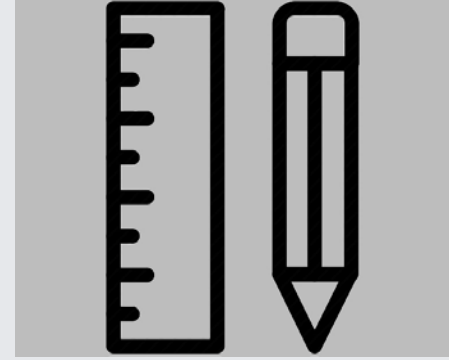


HELPING
KIDS
HEAL

Between August and December 2018, Exor Clothing Corp. will donate 2% of its sales to the "Kids Health Foundation," a global non-profit organization. This donation will go toward building children's hospitals around the globe.



Main Measures



Perceived Consumer Effectiveness (Wei, Ang, & Jancenelle, 2018)

- “I feel capable of helping solve health care challenges our society faces by buying products from this company.”
- “What I purchase as a consumer has an effect on solving the society’s health care problems.”
- “Each person’s behavior can have a positive effect on solving health care/educational challenges by buying from this company.”
- “Any individual person can make a difference in improving the quality of health care for children/college education.”

Purchase Intention (Kim & Choi, 2005)

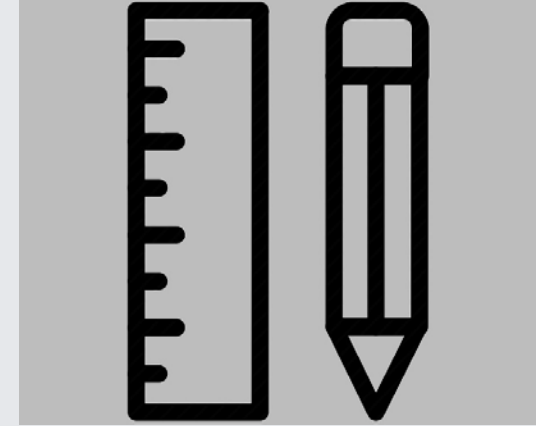
- “I will make a special effort to buy products from this company to support the cause of health care for children/college education.”
- “When I had a choice between two equal products, I will likely purchase the one made by this company to support the cause of health care for children/college education.”
- “I will likely purchase products from this company to support the cause of health care for children.”

Cultural Orientation: Individualism (Chang & Cheng, 2015)

- “I consider myself to be unique, different from others in many respects.”
- “I usually work independently from others.”
- “I depend on my own opinions rather than on those of other people.”
- “I depend on my own judgment when deciding what I am going to do.”

(Measured on 1-7 Scales: 1=strongly disagree; 7=strongly agree)

Control Variables



Cause Involvement (Patel, Gadhavi, & Shukla, 2017)

The cause of health care for children/college education mentioned in the scenario is _____

- Unimportant(1) / Important(7)
- Means nothing to me(1) / Means a lot to me(7)
- Personally irrelevant(1) / Relevant(7)
- Doesn't matter a great deal to me(1) / Matters a great deal to me(7)
- No concern to me(1) / A great concern to me(7)

Ethnocentrism (Meeusen, de Vroome, & Hooghe, 2013)

- “I feel that much could be learned from individuals from other countries.”
- “I like to work with individuals from other countries.”
- “I accept cultural differences which arise in cross-cultural exchanges at work.”
- “It is better for a country when citizens hold diverse religious beliefs.”

Manipulation Check Questions

Demographic Questions

South Africa-based MNC & local-scoped CRM



ARTsolar Corp
South Africa-based Company



SCHOLARSHIP OPPORTUNITY!

Between May and September 2019, ARTsolar Corp. will donate 2% of its sales to the "College Fund Foundation," a local non-profit organization. This donation will go towards providing scholarships for college students from low-income families in your local communities who pursue a degree in clean energy.



United Kingdom-based MNC & global-scoped CRM



Cambridge Solar Corp.
UK-based Company



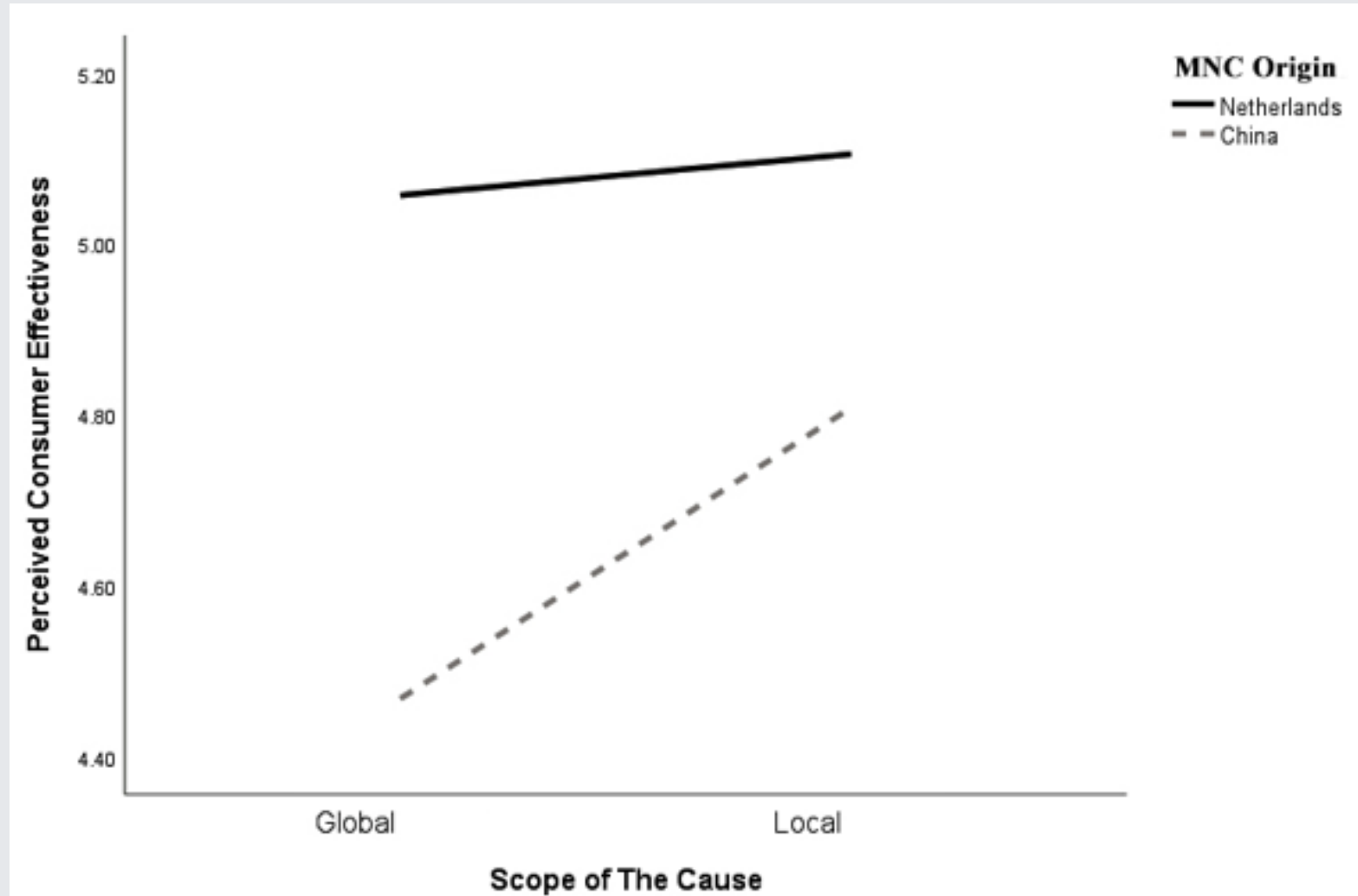
SCHOLARSHIP OPPORTUNITY!

Between May and September 2019, Cambridge Solar Corp. will donate 2% of its sales to the "College Fund Foundation," a global non-profit organization. This donation will go towards providing scholarships for college students from low-income countries who pursue a degree in clean energy.



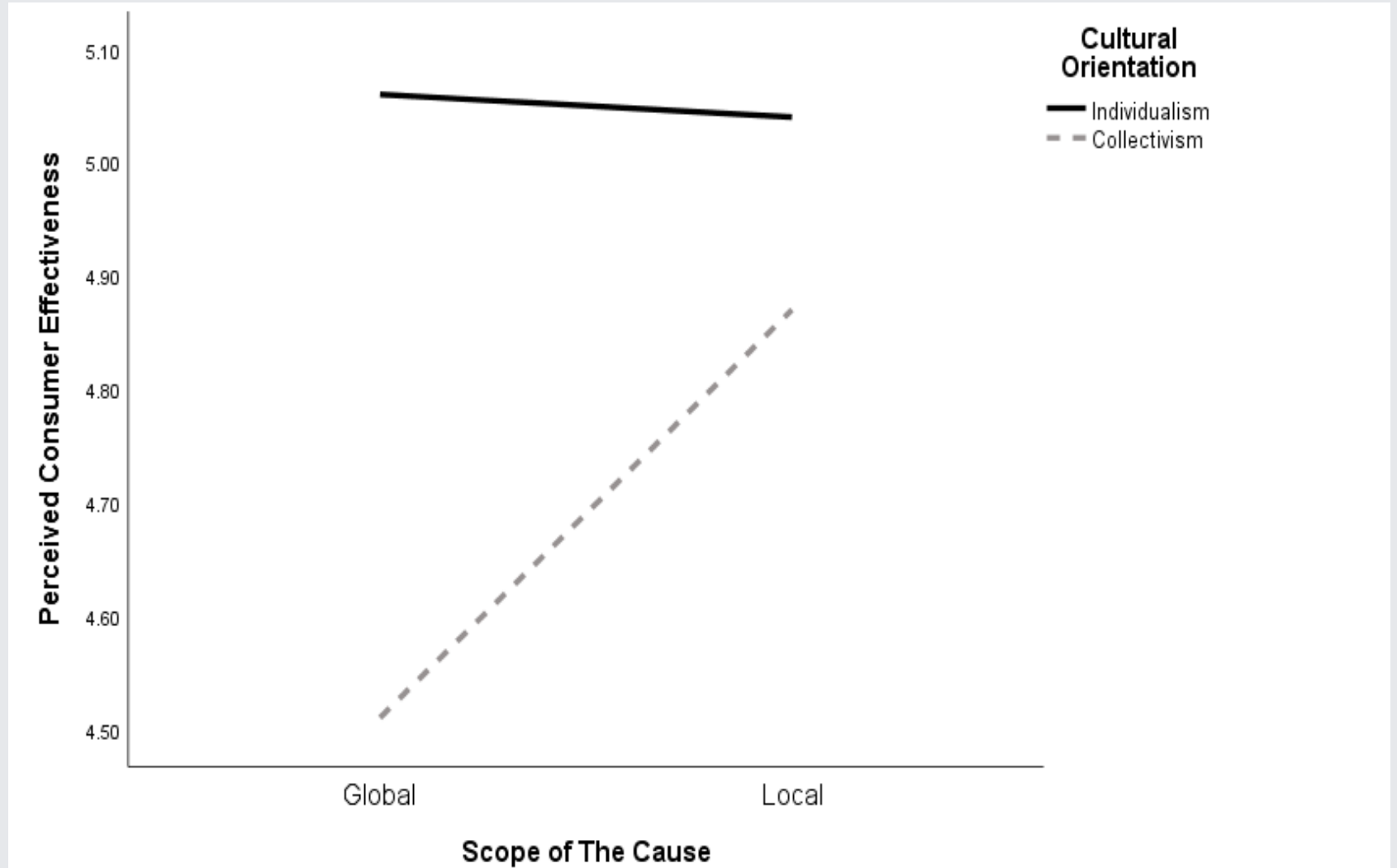


Moderating Effect of MNC Origin





Moderating Effect of Cultural Orientation





Across two studies using U.S. consumers:

- ❑ A **local cause** works more favorably than does a global cause for **MNCs originated from emerging** economies.
- ❑ Further, **collectivistic consumers** tend to favor **a local cause** than a global cause.

Implications



- Inconclusive findings for the main effect of cause scope
- Advance theoretical & practical discussions on international marketing strategy, particularly in the cause-related marketing area
 - finding sheds light on **emerging market MNCs' catch-up strategy** in implementing cause-related marketing strategies
 - when doing business in developed markets, **emerging market MNCs** are advised to utilize a **local-scoped** rather than a global-scoped cause-related marketing to gain legitimacy and enhance their market share
 - **collectivistic consumers** tend to favor a **local-scoped cause** than a global-scoped cause, suggesting that a nuanced understanding of subgroup cultural differences is needed in devising an effective international cause-related marketing strategy.

Full Reading

Wei, Shuqin*, Tyson Ang*, & Rushiun Liou (2019). Does the global vs. local scope matter? A cause-related marketing study in a developed market. Forthcoming at *Journal of Business Research*.

* Faculty at Marshall University (College of Business).



Thank you for listening!

Any questions?

